

SECRET

5 May 1954

CADRAIN Memorandum No.

TO : BOB (Attn: [])

FROM : []

SUBJECT : CADROIT/CACARANA and Miscellaneous Information

1. Reference is made to paragraph 2 of CADRAIN Memorandum No. 342. On 30 April 1954, Heil appeared and, in the presence of CARBOHYDRATE, informed Dr Berger that his (H's) contact man to Karlshorst had reported that the Soviets had changed their proposal. Allegedly, the reason for this change was that they had recently had the experience that they had delivered a former prisoner to the person's daughter and then discovered that she had made an arrangement with the lawyer in question that the latter would return her money to her. According to Heil, the new proposal was as follows: The DMW 100,000 payment would be divided between two accounts - the first would be a payment in West marks to a checking or holding account with the "Société generale de Surveillance" located on Friedrichstrasse at the corner of Unter den Linden in East Berlin. This DMW 20,000 payment would be witnessed by three persons, two from the West and one from Karlshorst and (in case the prisoner was not delivered) re-payment of this amount to the original person would require the signature of all three on the check. Allegedly Heil and who ever was making the payment would personally carry the money to the border at Brandenburger Tor and they would be met by Vopo's who would escort them to the bank. The remaining DMW 80,000 would be paid (according to the new proposal) to an unidentified lawyer in West Berlin. CARBOHYDRATE and Dr. Berger turned down the proposal "due to the insecurity of the East Berlin payment."

2. On 3 May, Heil returned with a new proposal which involved the payment of DMW 30,000 to the following West Berlin lawyer:

Wilhelm Runge. office NW 87 Turmstrasse 76a, telephone 392143
home Charlottenburg 2, Uhlandstrasse 194a, tel 320941

The remaining DMW 70,000 would be paid to:

Manfred Goldammer: Dahlem, Schumacherplatz 9.

(It will be noted that Goldammer was the person named by the other original offerer as being a person who had previously arranged for similar payments. If proof were needed, the above information definitely ties in both offers)

The manner of making these payments would be witnessed by a representative (un-named) of Karlshorst.

3. CARBOHYDRATE and Dr Berger have not given Heil an answer to this second proposal and, in effect, the "operation" has been successful, i.e. the identity of the West Berlin lawyers has been obtained. The question now is what future action to take. Apparently, the Soviets would follow through (at least to the point of having the money put into the custody of West Berlin lawyers). Do we have any possible use for this proposal or do we wish to keep it open "just in case?"

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4. The other possibility is, of course, publicizing the entire matter. This could be done with the information we now have, but would be more effective if two additional facets could be obtained:

a. The "defection" of Heil. If Heil could be persuaded to "tell all", the story would have much more feasibility. He might be "defected" by informing him that it is intended that the entire matter will be given publicity and that it would behoove him to take part in the exposing rather than be named as one of the Soviet conspirators. CARBOHYDRATE also states that he believes that Heil probably would be agreeable to bribery (Heil's business connections in Berlin are not clear and it may be that he is engaged in illegal East-West trade activities.) Heil's story could be that he only took part in the entire transaction from the beginning with the goal in mind to expose the Soviets.

b. If the present case were carried to an end and thus could be used for the human interest aspect of the exposé. This could be done most easily if Heil were recruited. He could be instructed to inform his cutout that the manner in which the Soviets have followed through in the entire procedure has indicated that the prisoner is not being held for any crime, but merely as a hostage. Since the man obviously is not guilty of any crime, his return without payment is demanded. No matter what answer is given (either negative or the promise that the man would be released), a conclusion to the case is obtained. A "no" answer would be an admission that guiltless persons can be "bought" from the Soviets and a "yes" answer would indicate that the Soviets had attempted to "sell" a guiltless person.

5. For a completely secure exploitation of the offer, it will have to be reasonably ascertained that the offer is genuine and not merely an attempt by Heil et al to swindle any "taker."

6. A story of the type is extremely "exploitable." Press conferences could be held and headlines could be suggested: "Soviets Auction Human Lives" "White Slave Racket in East Berlin" etc. It could be expected that a story of this type would receive enthusiastic support throughout Western Germany because the matter is so close to the hearts of many families there. If properly coordinated, protest marches, petitions, etc could be arranged throughout Western Germany.

7. Forwarded herewith is a photostat copy of a letter written by CACARANA to his mother which was submitted by CARBOHYDRATE. In connection with this letter, CARBOHYDRATE reported that prior to CACARANA's wife's departure from Berlin, she had told "Mr. Deenen (?)" that she had a direct line to Wollweber which might be used to free CACARANA. It now appears that her "direct line" is in the person of CACARANA's uncle, a died-in-the-wool, convinced and tried, Leninist Communist who resided in East Berlin. Although this uncle, because of his strict adherence to the "old" Leninist Party line, is often in disfavor, he has a certain immunity from real attack by the present regime because of the somewhat honorary position he has in the historical development of the party. He is elderly and drinks considerably. Shortly after the WW II, this uncle took CACARANA in hand and "schooled" him in Communist Party ideology and felt proud that he had "developed" a "true" Communist out of the returned veteran. According to CARBOHYDRATE, this uncle was terribly upset when he learned that CACARANA had been arrested and had been sentenced to life. His first reaction was that "he must immediately see Benjamin" and get the sentence changed, but "his better judgment ruled his emotions and he stated that it "was too soon and the matter must wait." CARBOHYDRATE states that CACARANA's mother now pins all hope on this

uncle but fears that he may become physically paralyzed (due to his drinking) before he can take any action on behalf of CACARANA. (CARBOHYDRATE has been requested to prepare a full report concerning this matter).

8. A person (East German), purporting to have been a cell mate of CACARANA while the latter was in prison during January 1954, visited CADROIT to seek "Mr CARBOHYDRATE's true name" and to relay a message from CACARANA to Mrs CACARANA. Sensing that this visitor was a low level agent, CARBOHYDRATE "played" him along and admitted nothing and disavowed interest in the entire matter. CARBOHYDRATE is preparing a written report. Included in this report will be another development in the CACARANA case concerning the activities of some of CACARANA's and CARBOHYDRATE's former associates in Eastern Germany.

9. Also forwarded herewith are copies of two reports which may be of interest to you. the first of these is a listing of VOPO officers in Ludwigslust and the second is a letter concerning the activities of former IG officers.

Attachments a/s